

Political Economy

LESSON 3.

CAPITAL AND SURPLUS VALUE



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CONTENTS

	PAGE
THIRD LESSON : CAPITAL AND SURPLUS VALUE (<i>continued</i>) - - - - -	5
V. RATE OF SURPLUS VALUE AND DEGREE OF EXPLOITATION - - - - -	5
VI. ABSOLUTE SURPLUS VALUE - - - - -	9
1. THE CONCEPTION OF SURPLUS VALUE - - - - -	9
2. THE LIMITS OF THE WORKING DAY - - - - -	11
3. THE STRUGGLE ABOUT THE LENGTH OF THE WORKING DAY - - - - -	13
VII. RELATIVE SURPLUS VALUE - - - - -	16
1. PRODUCTION OF SURPLUS VALUE - - - - -	16
2. PRODUCTION OF RELATIVE SURPLUS VALUE AND DETERIORATION OF THE WORKERS' CONDITIONS - - - - -	23
(a) Female and Child Labour - - - - -	25
(b) Lengthening of the Working Day - - - - -	28
(c) Intensity and Productivity of Labour - - - - -	31
(d) Rationalisation and the Subjection of the Workers - - - - -	34
(e) The Limits of Technical Progress under Capitalism - - - - -	36
VIII. THE PRODUCTIVE RELATIONS IN THE SOVIET UNION - - - - -	38
1. THE ESSENCE OF PRODUCTIVE RELATIONS IN THE STATE INDUSTRIES - - - - -	38
2. THE FORM OF THE PRODUCTIVE RELATIONS IN THE STATE INDUSTRIES OF THE SOVIET UNION - - - - -	42

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LESSON III. CAPITAL AND SURPLUS VALUE (continued)

V. RATE OF SURPLUS VALUE AND DEGREE OF EXPLOITATION

FROM Lesson II we know that the capitalist mode of production is a process of the production of surplus value. The capitalist buys labour-power and means of production, thereby transforming his money into the elements of capital, into variable and constant capital. The value of the constant capital does not increase: it is merely transferred to the new product through the concrete labour of the worker. The only source of surplus value is variable capital, or the part of capital transformed into labour-power: the worker adds new value to the means of production by producing a greater value than that of his labour-power. This difference forms surplus value.

The production of surplus value, the exploitation of the wage-earner, is the sum and substance of capital. If the aim of the capitalist process of production is the utilisation of capital, i.e. the increase of the value advanced by the capitalist by the appropriation of the labour of others, it follows that the magnitude of the increase in the value advanced is not, of course, a matter of indifference to the capitalist. The impetus for the fullest and quickest possible utilisation lies in the very essence of capital. Every capitalist not only strives personally, but is compelled by competition to squeeze out as much profit as possible. Every individual capitalist acts in accordance with the needs of the utilisation of his own capital. This, therefore, is a natural law for the whole capitalist class.

But if the labour of the worker is the only source of profit, it is clear that a rise in profit can only be obtained by an increase in the exploitation of the workers. Substantially, there are but two methods to enhance the surplus value squeezed out of the workers—the

production of absolute and relative surplus value. But before entering upon an examination of these methods, we must first of all learn in general how the degree of exploitation of the worker is to be measured.

The capitalist determines the lucrativeness of his capital by applying a definite scale, namely, the rate of profit. But this scale does not reveal the real degree of exploitation but rather disguises the fact of exploitation. The capitalist measures the profitableness of his capital by comparing the whole of his capital with the profit obtained, i.e. by a division of the profit into the amount of his capital. If, for instance, his capital amounts to £100,000 and his profit to £10,000, the rate of profit is one-tenth, or 10 per cent. But this formula does not show the real source of profit. The profit is reckoned on the *whole capital* irrespective of how it is divided in use into constant and variable capital. Every £100 in our example brings £10 profit.

The matter assumes quite a different shape when we trace the surplus value to its real source, namely, to the variable capital. If the total capital of £100,000 in our example is composed of £90,000 constant and £10,000 variable capital and the surplus value amounts to £10,000,¹ the relation of this surplus value to the variable capital is 1 : 1 or 100 per cent. This relation of the mass of surplus value to the variable capital Marx calls the rate of surplus value. Let us represent surplus value by the letter S, variable capital by V and constant capital by C. The rate of surplus value will be expressed by the formula $\frac{S}{V}$. It is clear that the rate of surplus value is greater than the rate of profit; since the former reflects the relation of

¹ The whole mass of surplus value produced by the workers does not, in practice, remain in the hands of the given capitalist but is divided among various capitalists on the basis of special laws which we will expound in one of the following Lessons. One part of the surplus value, for instance, is transferred as merchant's profit into the hands of the merchant-capitalists and another in the form of rent into the hands of the landowners. But we leave this question out of account for the present.

the surplus value to but *part* of the capital ($\frac{S}{V}$), while the latter denotes the relation of the same surplus value to the *whole capital* ($C + \frac{S}{V}V$). In the rate of profit the exploitation of the worker is in general disguised and surplus value is presented here as a product of the total capital. It is thus only the rate of surplus value which shows the relation of what the capitalist receives from the worker without any return whatsoever (surplus value [S]), to that which he pays to the worker direct—the value of labour-power, for the rendering of which the capitalist compensates the worker in the form of wages (V).

Both factors in surplus value (S and V) represent materialised congealed labour and hence magnitudes of value. But the relation between them, i.e. the rate of surplus value, shows also how the live labour of the worker at work separates into two parts—that which reproduces the value of the labour-power and that which creates surplus value. The part of the labour-day during which the worker reproduces the value of his labour-power, Marx designates as the *necessary labour-time*, and the labour which is spent during that time he calls *necessary labour*.

Marx points out that the term "necessary" has here a two-fold sense. It is first,

"necessary, as regards the labourer, because independent of the particular social form of his labour." (Marx, *Capital*, Vol. I, Chap. 9, p. 240, Kerr Edition.)

This means, that the producer would be obliged to spend a certain time for the reproduction of his labour-power under any social system of production. Secondly it is :

"necessary as regards capital, and the world of capitalists because on the continued existence of the labourer depends their existence also." (*Ibid.*)

Marx then characterises the second part of the labour-day as follows :

"During the second period of the labour process, that in which his labour is no longer necessary labour, the

workman, it is true, labours, expends labour-power; but his labour, being no longer necessary labour, creates no value for himself. He creates surplus-value which, for the capitalist, has all the charms of a creation out of nothing. This portion of the working day I name surplus labour-time, and to the labour expended during that time, I give the name of surplus-labour." (*Capital*, pp. 240-1.)

As the value of the labour-power or variable capital is reproduced by necessary labour, while surplus value is produced by surplus labour, it is clear that the relation of surplus value to variable capital is equal to that of surplus labour to necessary labour. For instance: if the value of a day's labour-power is equal to five shillings and the daily surplus value is equal to ten shillings, and if the length of the labour-day is nine hours, it follows that the worker reproduces his labour-power during a third of the day (in three hours), while in the rest of the two-thirds (six hours) he produces surplus value. The relation six to three is equal to the relation ten shillings to five shillings, i.e. amounts to two to one or 200 per cent.

"The rate of surplus-value is therefore an exact expression for the degree of exploitation of labour-power by capital, or of the labourer by the capitalist." (*Ibid.*, p. 241.)

We would again remind the reader that Marx considers here surplus value independently of its special forms (profit, interest, rent). As already shown in the previous booklets he in this way contrasts the worker to his exploiters as an all-embracing group, since all sections of the exploiting class, whatever the form of their income, derive that income from one and the same source, namely from surplus value. The rate of surplus value shows the real degree of exploitation of the workers, i.e. the relation of the *whole* surplus value, created by the worker, whatever the special forms in which it is ultimately divided—to the value of the labour-power. Or in other words, the relation of the *whole* surplus labour of the workers—no matter which parasites live at the expense of their surplus labour—

to the necessary labour. In the rate of surplus value is reflected the relation of the whole exploiting class to the working class.

We now know how the degree of exploitation is expressed, and it will be easier for us to understand the *methods of increasing surplus value*—the methods of increasing exploitation. It is clear that in order to increase the fraction $\frac{S}{V}$, S must be increased or V decreased. Thus in the last example (in which the necessary labour-time was taken as three hours, and the surplus labour-time as six hours), this relation may be increased by leaving the necessary labour-time unchanged and prolonging the labour-day from nine to ten hours. The degree of exploitation will then be equal to 7 : 3, i.e. 233½ per cent. instead of the previous 200 per cent. Or the length of the labour-day may be left unchanged and the necessary labour-time shortened to two hours. The degree of exploitation will then amount to 350 per cent.

QUESTIONS

1. Explain what is meant by the rate of surplus value and how it differs from the rate of profit.
2. Why did Marx use the term "necessary labour"? How does it contrast with "surplus labour"?
3. Explain the connection between the degree of exploitation of the workers and the rate of surplus value. Is there ever a difference between the two? If so, why? If not, why not?
4. How far is it possible to judge the degree of exploitation from the rate of profit? Give reasons for your answer.
5. Problem: A capital of £10,000 is divided into £8,000 constant and £2,000 variable capital; the rate of surplus value is 150 per cent.; the length of the labour-day is ten hours. What is the amount of the surplus value? What is the rate of profit? What is the time required for necessary labour and for surplus labour?

VI. ABSOLUTE SURPLUS VALUE

I. THE CONCEPTION OF SURPLUS VALUE

The first method of increasing exploitation Marx designates as production of absolute surplus value, the second as production of relative surplus value:

"The surplus-value produced by prolongation of the working day, I call absolute surplus-value. On the other hand, the surplus-value arising from the curtailment of the necessary labour-time, and from the corresponding alteration in the respective lengths of the two components of the

working day, I call relative surplus-value." (*Capital*, Vol. I, p. 345.)

The conception of absolute surplus value has a double meaning in Marx. All surplus value is, in a certain sense, absolute surplus value in so far as surplus value is formed by the prolongation of the working day beyond the necessary labour-time. It is absolute in the sense that without it capitalism is altogether impossible.

"If the labourer wants all his time to produce the necessary means of subsistence for himself and his race, he has no time left in which to work gratis for others. Without a certain degree of productiveness in his labour, he has no such superfluous time at his disposal; without such superfluous time, no surplus-labour, and, therefore, no capitalists, no slave-owners, no feudal lords, in one word, no class of large proprietors." (*Capital*, Vol. I, Chap. 16, p. 561.)

"The prolongation of the working day beyond the point at which the labourer would have produced just an equivalent for the value of his labour-power, and the appropriation of that surplus-labour by capital, this is production of absolute surplus-value. It forms the general groundwork of the capitalist system. . . ." (*Ibid.*, p. 559.)

Capital has not created the division of the working day into necessary labour-time and surplus labour-time: it found it already made. Under capitalism, however, surplus labour becomes labour which creates surplus value; and on the basis of the level of labour-productivity which it has attained at any given time, capital strives to satisfy its thirst for surplus value by extending the working day still further. It is no longer merely a question of extending the working day beyond the necessary labour-time, but of increasing the surplus labour itself by extending the working day beyond its previous limits. This is the production of absolute surplus value in its other meaning: namely in its meaning as a method of increasing capitalist exploitation.

This method predominated in the first stages of the development of capitalism, when capitalism had not yet completely transformed the methods of production subjected to it; but it would be a mistake to assume that the production of absolute surplus value no longer played any part in the course of the further development of capitalism. Every worker knows very well that the prolongation of working-time is one of the most important factors in capitalist rationalisation even now (for example, in the cotton industry). The production of absolute surplus value is, as we will show later, a concomitant of capitalism during the whole period of its development.

2. THE LIMITS OF THE WORKING DAY

Capital strives for the greatest possible extension of the working day. But what are the limits of this extension? What are the limits of the working day in general, and what are the conditions which determine it?

"The capitalist has bought the labour-power at its day-rate. To him its use-value belongs during one working day. He has thus acquired the right to make the labourer work for him during one day. But, what is a working day?

"At all events, less than a natural day. By how much? The capitalist has his own views of this *ultima thule*¹, the necessary limit of the working day. As capitalist, he is only capital personified. His soul is the soul of capital. But capital has one single life-impulse: the tendency to create value and surplus-value, to make its constant factor the means of production, absorb the greatest possible amount of surplus-labour.

"Capital is dead labour, that, vampire-like, only lives by sucking living labour, and lives the more, the more labour it sucks. The time during which the labourer works is the time during which the capitalist consumes the labour-power he has purchased of him.

"If the labourer consumes his disposable time for himself, he robs the capitalist.

"The capitalist then takes his stand on the law of the exchange of commodities. He, like all other buyers, seeks

¹ Uttermost limit.

to get the greatest possible benefit out of the use-value of his commodity. Suddenly the voice of the labourer, which had been stifled in the storm and stress of the process of production, rises :

" The commodity that I have sold to you differs from the crowd of other commodities, in that its use creates value, and a value greater than its own. That is why you bought it. That which on your side appears a spontaneous expansion of capital, is on mine extra expenditure of labour-power. You and I know on the market only one law, that of the exchange of commodities. And the consumption of the commodity belongs not to the seller who parts with it, but to the buyer, who acquires it. To you, therefore, belongs the use of my daily labour-power. But by means of the price that you pay for it each day, I must be able to reproduce it daily, and to sell it again. Apart from natural exhaustion through age, etc., I must be able on the morrow to work with the same normal amount of force, health and freshness as to-day. You preach to me constantly the gospel of ' saving ' and ' abstinence.' Good ! I will, like a sensible saving owner, husband my sole wealth, labour-power, and abstain from all foolish waste of it. I will each day spend, set in motion, put into action only as much of it as is compatible with its normal duration and healthy development. By an unlimited extension of the working day, you may in one day use up a quantity of labour-power greater than I can restore in three. What you gain in labour I lose in substance. The use of my labour-power and the spoliation of it are quite different things. If the average time that (doing a reasonable amount of work) an average labourer can live, is thirty years, the value of my labour-

power which you pay me from day to day is $\frac{1}{365 \times 30}$

or $\frac{1}{10950}$ of its total value. But if you consume it in ten

years, you pay me daily $\frac{1}{10950}$ instead of $\frac{1}{3650}$ of its total

value, i.e. only one-third of its daily value, and you rob me, therefore, every day of two-thirds of the value of my commodity. You pay me for one day's labour-power, whilst you use that of three days. That is against our contract and the law of exchanges. I demand, therefore, a working day of normal length, and I demand it without

any appeal to your heart, for in money matters sentiment is out of place. You may be a model citizen, perhaps a member of the Society for the Prevention of Cruelty to Animals, and in the odour of sanctity to boot; but the thing that you represent face to face with me has no heart in its breast. That which seems to throb there is my own heart-beating. I demand the normal working day because I, like every other seller, demand the value of my commodity.

"We see then, that, apart from extremely elastic bounds, the nature of the exchange of commodities itself imposes no limit to the working day, no limit to surplus-labour. The capitalist maintains his rights as a purchaser when he tries to make the working day as long as possible, and to make, whenever possible, two working days out of one. On the other hand, the peculiar nature of the commodity sold implies a limit to its consumption by the purchaser, and the labourer maintains his right as seller when he wishes to reduce the working day to one of definite normal duration. There is here, therefore, an antinomy, right against right, both equally bearing the seal of the law of exchanges. Between equal rights force decides. Hence is it that in the history of capitalist production, the determination of what is a working day presents itself as the result of a struggle, a struggle between collective capital, i.e. the class of capitalists, and collective labour, i.e. the working class." (*Capital*, pp. 257-9.)

3. THE STRUGGLE ABOUT THE LENGTH OF THE WORKING DAY

The occasional limits of the working day are decided by the class struggle. The legal shortening of the working day of 14-16 to 10-12 hours during the nineteenth century was not a voluntary act on the part of the bourgeois State, but an achievement of the struggle of the working class.

"The creation of a normal working day is, therefore, the product of a protracted civil war, more or less dissembled, between the capitalist class and the working class." (*Capital*. Vol. I, Chap. 10, p. 327.)

So also was the eight-hour day won in the mighty rise

of the revolutionary movement of the proletariat. The ebb in the revolutionary tide and the beginning of the capitalist offensive against the working class again led to the lengthening of the working day (e.g. in mines; the 6.30 start in cotton mills, etc.).

The working week in 1930 amounted to between forty-two and fifty-six hours for industrial workers and to sixty-seventy hours for agricultural labourers. In Germany, where the working day was prolonged after 1923, in a number of industries up to ten hours, a new offensive is now being carried out against the working day by the employers with the active participation and support of the social-fascists.

The whole historical struggle of the working class for the shortening of the working day must not, however, be looked upon as a conscious offensive of the working class against the employers. It was rather a case of self-defence on the part of the proletariat against the danger of physical exhaustion as a result of the unceasing increase in the *intensity of labour* during the whole course of the development of capitalism. The development of machinery and the intensification of labour connected with it, drove the workers to take up the struggle for the limitation of the working day to avoid the danger of complete destruction. The result of every such shortening in the working day was a still greater intensification of labour. And if the revolutionary proletariat, under the leadership of the revolutionary Trade Union Opposition, has now put forward the demand for the seven-hour day, this has been provoked by the unprecedented increase of intensity as a result of rationalisation. Hence the introduction of the seven-hour day is an urgent necessity.

What Marx wrote about using up two or three days of a proletarian life in the course of one and the same working day applies not only to the length of the working day, but to the intensity of labour. When the intensity of labour is doubled and the length of the working day remains unchanged, the worker, in that case, spends double the amount of energy during that time.

The doubling of intensity means, therefore, that the worker spends as much labour-power in one day as he previously did in two. After certain limits have been passed, it is impossible to make good the increased expenditure of labour-power by any sort of enhanced wages. It is clear that the worker, under such circumstances, cannot restore completely his labour-power but consumes it out of his "foundation capital," out of his life-force fund, in the sense that the duration of his life is shortened.

"Capital cares nothing for the length of life of labour-power. All that concerns it is simply and solely the maximum of labour-power that can be rendered fluent in a working day. It attains this end by shortening the extent of the labourer's life, as a greedy farmer snatches increased produce from the soil by robbing it of its fertility.

"The capitalistic mode of production (essentially the production of surplus-value, the absorption of surplus-labour), produces thus, with the extension of the working day, not only the deterioration of human labour-power by robbing it of its normal, moral, and physical conditions of development and function. It produces also the premature exhaustion and death of this labour-power itself. It extends the labourer's time of production during a given period by shortening his actual life-time." (*Capital*, Chap. 10, pp. 291-2.)

That the average working life of the workers in all capitalist countries after the war was materially shortened is generally recognised. And this rise in intensity goes on simultaneously with the lengthening of the working day and with reduction of wages. The struggle for the seven-hour day is, therefore, a struggle for the life of the working class, a struggle against its physical degradation and ruin.

Meanwhile the trade union bureaucracy not only fails to fight for a shortening of the working day, but by its passivity and defeatism, and actual co-operation with capitalism, has quietly paved the way for a lengthening of hours, as witness the cases of miners and cotton workers.

Moreover, the sharpening of the crisis has resulted not only in the growth of unemployment, but in the growth also of the number of short-time workers. The working day is actually shortened for some workers, but in such a way that it is accompanied by a reduction in wages and consequently by new suffering for the workers. And this increase of exploitation, which is bound up with and results from unemployment, is actually supported by trade union leaders who have become the prophets and the sergeant-majors of Rationalisation.

We will show later (in the next Lesson) that this way leads not to the mitigation but, on the contrary, to the growth of unemployment. What interests us here is another side of the matter. The social-fascist trade union bureaucracy cannot even imagine a curtailment of working hours, which it promises so as to deceive the masses, without a *previous* rise in intensity of labour. They fear, otherwise, to incur the displeasure of their masters, and propose, therefore, a reduction in working hours which means greater deterioration in the conditions of the working class. The Social-Democrats have certainly made a good study of the method of production of absolute surplus value described and analysed by Marx!

QUESTIONS

1. In what sense is "absolute surplus value" a "normal" condition of capitalist exploitation, and to what extent, on the other hand, is it an "extra" device adopted at certain periods or by certain groups of capitalists?
2. Why do no limits to the working day arise from the nature of commodity exchange itself?
3. What determines the normal length of the working day?
4. Describe the connection between the shortening of the working day and the intensification of labour?
5. Choose any example you please of the social-fascist attitude towards the question of the shortening of the day; and carefully state what this attitude is and your criticism of it, as though you were engaged in a debate on the subject.

VII. RELATIVE SURPLUS VALUE

I. PRODUCTION OF SURPLUS VALUE

Competition compels the capitalists continually to cheapen the commodities produced in their industries, to accelerate the process of production, to lengthen the working day, to intensify the labour of the workers, to introduce technical innovations, etc. When the

working class after protracted and stubborn struggle succeeded in shortening the working day in a number of capitalist countries, this shortening was one of the chief incentives to raise productivity and in this manner to increase surplus labour even while the working day remained unchanged or was curtailed.

Suppose the line a— b^1 —b—c represents the twelve-hour working day, in which a—b (ten hours) is the necessary labour-time and b—c (two hours) the surplus labour-time. If the *surplus labour-time* cannot be prolonged, e.g. by extending the working day from twelve to thirteen hours, it is quite clear that it may also be lengthened by shortening the *necessary labour-time*, e.g. to nine hours (a— b^1) and the surplus labour-time will then amount to b^1 —c, i.e. three hours.

The necessary labour-time depends upon the amount of socially necessary labour-time required for the production of the workers' subsistence. If the value of subsistence falls, the value of labour-power also falls. Hence the necessary part of the working day during which the worker reproduces his labour-power declines. This method of enhancing surplus value by shortening the necessary part of the working day Marx calls, as we have said, *production of relative surplus value*.

Surplus value may, of course, also be raised by a simple reduction in wages below the value of labour-power. But this is not in question in the given case :

"Despite the important part which this method plays in actual practice, we are excluded from considering it in this place, by our assumption, that all commodities, including labour-power, are bought and sold at their full value. Granted this, it follows that the labour-time necessary for the production of labour-power, or for the reproduction of its value, cannot be lessened by a fall in the labourer's wage below the value of his labour-power, but only by a fall in this value itself." (*Capital*, Vol. I, Chap. 12, p. 344.)

"In order to effect a fall in the value of labour-power, the increase in the productiveness of labour must seize upon those branches of industry, whose products determine the value of labour-power, and consequently either belong

to the class of customary means of subsistence, or are capable of supplying the place of those means. But the value of a commodity is determined, not only by the quantity of labour which the labourer directly bestows upon that commodity, but also by the labour contained in the means of production. For instance, the value of a pair of boots depends, not only on the cobbler's labour, but also on the value of the leather, wax, thread, etc. Hence, a fall in the value of labour-power is also brought about by an increase in the productiveness of labour, and by a corresponding cheapening of commodities in those industries which supply the instruments of labour and the raw material, that form the material elements of the constant capital required for producing the necessities of life. But an increase in the productiveness of labour in those branches of industry which supply neither the necessities of life, nor the means of production for such necessities, leaves the value of labour-power undisturbed.

The cheapened commodity, of course, causes only a *pro tanto* fall in the value of labour-power, a fall proportional to the extent of that commodity's employment in the reproduction of labour-power. Shirts, for instance, are a necessary means of subsistence, but are only one out of many. The totality of the necessities of life consists, however, of various commodities, each the product of a distinct industry ; and the value of each of those commodities enters as a component part into the value of labour-power. This latter value decreases with the decrease of the labour-time necessary for its reproduction ; the total decrease being the sum of all the different curtailments of labour-time effected in those various and distinct industries." (*Capital*, Vol. I, Chap. 12, p. 346.)

It is obvious that it is not the direct aim of the individual capitalist to cheapen the means of subsistence. The sole object of every capitalist is to make as much profit as possible. Profits can be increased by reducing production costs, among which the expenditure for labour-power is one of the most important items. The cheapening of the means of subsistence of the workers with the object of lowering the value of labour-power is not the result of any conscious design of the capitalists, but arises from the individual efforts

of capitalists who are striving for a reduction in the cost of production, each of his own particular commodity.

Let us examine this more closely.

" If one hour's labour is embodied in sixpence, a value of six shillings will be produced in a working day of twelve hours. Suppose, that with the prevailing productiveness of labour, twelve articles are produced in these twelve hours. Let the value of the means of production used up in each article be sixpence. Under these circumstances, each article costs one shilling : sixpence for the value of the means of production, and sixpence for the value newly added in working with those means. Now let some one capitalist contrive to double the productiveness of labour, and to produce in the working day of twelve hours, twenty-four instead of twelve such articles. The value of the means of production remaining the same, the value of each article will fall to ninepence, made up of sixpence for the value of the means of production and threepence for the value newly added by the labour. Despite the doubled productiveness of labour, the day's labour creates as before, a new value of six shillings and no more, which, however, is now spread over twice as many articles. Of this value each article now has embodied in it one twenty-fourth, instead of one twelfth, threepence instead of sixpence ; or, what amounts to the same thing, only half an hour's instead of a whole hour's labour-time, is now added to the means of production, while they are being transformed into each article. The individual value of these articles is now below their social value ; in other words, they have cost less labour-time than the great bulk of the same article produced under the average social conditions. Each article costs, on an average, one shilling, and represents two hours of social labour ; but under the altered mode of production it costs only ninepence, or contains only one and a half hours' labour. The real value of a commodity, is however, not its individual value, but its social value ; that is to say, the real value is not measured by the labour-time that the article in each individual case costs the producer, but by the labour-time socially required for its production. If, therefore, the capitalist who applies the new method sells his commodity at its social value of one shilling, he sells it for threepence above its individual

value, and thus realises an extra surplus-value of three-pence. On the other hand, the working day of twelve hours is, as regards him, now represented by twenty-four articles instead of twelve. Hence, in order to get rid of the product of one working day, the demand must be double what it was, i.e. the market must become twice as extensive. Other things being equal, his commodities can command a more extended market only by a diminution of their prices. He will therefore sell them above their individual but under their social value, say at tenpence each. By this means he still squeezes an extra surplus-value of one penny out of each. This augmentation of surplus-value is pocketed by him, whether his commodities belong or not to the class of necessary means of subsistence that participate in determining the general value of labour-power. Hence, independently of this latter circumstance, there is a motive for each individual capitalist to cheapen his commodities, by increasing the productiveness of labour." (*Capital*, Vol. I, Chap. 12, pp. 347-8.)

Also in this case, even if the given commodity does not belong to the means of subsistence of the workers, an increase in the productivity of labour leads to a *curtailment in the necessary labour-time* and to the lengthening of the surplus labour-time. Suppose that in the example given by Marx, the necessary labour-time is ten hours, the surplus labour-time is two hours and wages amount to five shillings (one hour of socially necessary labour being equal to sixpence). Suppose, for the sake of simplicity, that our capitalist sells his commodity for its social value, i.e. for one shilling or twelve pence. The social value of all the twenty-four units of the commodity will amount to twenty-four shillings. Of this twenty-four shillings, twelve shillings will be the value of the means of production transferred. The newly made twelve shillings will divide into five shillings value of the labour-power and seven shillings surplus value.

This calculation is on the assumption that the productivity of labour is doubled in one of the firms. There will now be a difference between the productivity of labour

in this enterprise and that in all other firms in the industry in question. Workers in other similar firms create a value of six shillings in a working day of twelve hours. But a worker in the given firm creates in the course of the same twelve-hour working day, a twenty-four-hour value of twelve shillings. Accordingly he reproduced the value of his labour-power, which amounts to ten hours, of socially necessary labour or five shillings, not in ten but in five hours. He receives, as before, five shillings as wages and buys for these five shillings the same quantity of subsistence as before. But the necessary time in which this value is produced is shortened by five hours, and the surplus labour-time in which he produces surplus value is consequently increased from two to seven hours.

But it is clear that this state of affairs cannot last for any length of time as long as competition between capitalists is not limited by any monopoly.¹ In our example, the capitalist will sell his commodity not for twelve pence but ten so as to find a market for the additional mass of his commodity. (In that case the whole product will be sold for twenty shillings—twelve shillings means of production, *plus* eight shillings newly created value. This new value is composed of five shillings wages and three shillings surplus value. In conformity with this, the necessary labour-time amounts to 7·5 hours and the surplus labour-time to 4·5 hours, as the worker has produced the value of a shilling in 1·5 hours.) When the capitalist sells his commodity for ten pence, he sells it above its individual value and below its social value. Thereby he compels his competitors similarly to increase the productivity of labour in their enterprises so as not to be pushed out and yield place to him. As a result the difference between the productivity of labour in the particular firm and in all others increas-

¹ We will show in a later Lesson how excess surplus value is retained in agriculture through the monopoly of private ownership of land and becomes transformed into ground rent, and the way in which monopoly prices under monopoly-capitalism lead to the formation of monopolist super profit.

ingly diminishes until it eventually vanishes altogether. The source of excess surplus value (extra surplus value) dries up. In consequence of the general rise in the productivity of labour in all enterprises of the industry in question, there is a *general fall in the value of the product of this industry.*

But the process of enhancing the productivity of labour seldom proceeds uniformly. Its driving force is competition. It begins in one enterprise and leads to the formation of a difference between the individual value of the product and its social value. This difference, in consequence of competition, diminishes and disappears but constantly arises afresh. For after some improvement in production has gradually spread to all the enterprises of the industry, some technical innovation may be introduced in one of the enterprises which again leads to the formation of a difference between the individual value of the product of this enterprise and its social value.

The hunt of the capitalists for extra surplus value is the driving force of the growth of productivity of social labour. This causes a decline in the value of the workers' means of subsistence. Consequently a decline also in the value of labour-power and a general rise in surplus labour through the transformation of a part of necessary labour into surplus labour.

"Whenever an individual capitalist cheapens shirts, for instance, by increasing the productiveness of labour, he by no means necessarily aims at reducing the value of labour-power and shortening, *pro tanto*, the necessary labour-time. But it is only in so far as he ultimately contributes to this result, that he assists in raising the general rate of surplus-value. The general and necessary tendencies of capital must be distinguished from their forms of manifestation." (*Capital*, Vol. I, Chap. 12, pp. 346-7.)

There is here a general and forced tendency towards a rise in the productivity of social labour, and on this groundwork, towards a fall in the value of labour-power and growth of surplus value. But this tendency

finds its expression in the form of a competitive struggle of capitalists, who, in their endeavour to win in this struggle, strive to lower the value of their products.

2. PRODUCTION OF RELATIVE SURPLUS VALUE AND DETERIORATION OF THE WORKERS' CONDITIONS.

It would be a mistake to imagine that the process of development of the productive forces under capitalism is a peaceful progressive process which leads to an alleviation in working conditions, and a betterment in the position of the working class. The growth of technique in itself does indeed create the *possibility* of a colossal amelioration in working conditions, a shortening of the working day, etc. According to the computation of the economist, S. Falkner, a *two-hour working day* would, with the American level of technique, be sufficient to perform the entire world production of the present day. But under capitalism, productivity is augmented not to satisfy the needs of the majority of society to the utmost, but to swell profits and increase exploitation.

"Hence the economical paradox, that the most powerful instrument" (Marx speaks of machinery) "for shortening labour-time, becomes the most unfailing means for placing every moment of the labourer's time and that of his family at the disposal of the capitalist for the purpose of expanding the value of his capital." (*Capital*, Vol. I, Chap. 15, pp. 445-6.)

The productive power itself which is always the productive power of *labour* appears as the productive power of *capital*. Capitalist production is incomparably more productive. But this results from the fact that the workers in capitalist industry work as organs of one unified collective productive mechanism. The division of labour among them, which began from the first steps of capitalist production and developed to the modern conveyor system, signifies the *growth of productivity of the social labour* of these workers in their totality.

" But being independent of each other, the labourers are isolated persons, who enter into relations with the capitalist, but not with one another. This co-operation begins only with the labour process, but they have then ceased to belong to themselves. On entering that process, they become incorporated with capital. As co-operators, as members of a working organism, they are but special modes of existence of capital. Hence, the productive power developed by the labourer when working in co-operation, is the productive power of capital. This power is developed gratuitously, whenever the workmen are placed under given conditions, and it is capital that places them under such conditions. Because this power costs capital nothing, and because, on the other hand, the labourer himself does not develop it before his labour belongs to capital, it appears as a power with which capital is endowed by Nature—a productive power that is immanent in capital." (*Capital*, Vol. I, Chap. 13, pp. 365-6.)

This is not merely a perverted manifestation of the productive powers. It also expresses the fact that capital dominates the productive power of social labour and that social labour is under the *command of capital* :

" It is not because he is a leader of industry that a man is a capitalist ; on the contrary, he is a leader of industry because he is a capitalist." (*Capital*, Vol. I, Chap. 13, p. 365.)

This rôle of the commander of social production, a rôle which in its time was inevitable and necessary, is played by capital owing to its exploitation of the working class :

" If then, on the one hand, the capitalist mode of production presents itself to us historically, as a necessary condition to the transformation of the labour-process into a social process, so, on the other hand, this social form of the labour-process presents itself, as a method employed by capital for the more profitable exploitation of labour, by increasing that labour's productiveness." (*Ibid.*, pp. 367-8.)

The more capital develops the productive power of

social labour so as to augment its profit, the greater the exploitation, the more intense the slavery of the working class, the more is the worker reduced to a mere appendage of the machine, the greater the poverty and suffering of the working class.

Marx gives in the first volume of his *Capital* an incomparable picture of the *influence of machine industry on the workers* (Chapter 13). The bourgeoisie and present-day Social-Democracy try to prove in every possible way the alleged difference between the capitalism investigated by Marx and modern capitalism, a difference which is alleged to consist in this, that there is now no longer the barbaric methods of exploitation which were applied in the past, that modern capitalism is a cultured capitalism. Even more than that. Social fascism claims that the position of the worker in capitalist industry has now fundamentally changed, that we now live in an epoch of industrial democracy, where the worker is no longer in the position of a slave, but that he increasingly influences capitalist industry (a voice on questions of employment and dismissals, works councils, etc.¹). Social-fascism considers capitalism as a mode of production, the object of which is not profit, but the satisfaction of the needs of the masses.

Let us, therefore, examine very briefly the most important statements of Marx in which he characterised the methods of production of relative surplus value and ask ourselves the question whether present-day capitalism has introduced any substantial changes in the conditions of the workers in capitalist industry.

(a) *Female and Child Labour.*

Marx considers the influence of machine industry on the workers and deals with the appropriation on

¹ Thus, in the "Economic Lectures" published by the General German Trade Union Federation in 1922, we read: "To-day we can no longer speak of any exploitation of the worker by his employer, just as little as we can speak of any exploitation of the worker by the municipality, the State or the Co-operative Society" (17).

the part of capital of fresh labour-power, in the first place that of *women and children*.

"In so far as machinery dispenses with muscular power, it becomes a means of employing labourers of slight muscular strength, and those whose bodily development is incomplete, but whose limbs are all the more supple. The labour of women and children was, therefore, the first thing sought for by capitalists who used machinery. That mighty substitute for labour and labourers was forthwith changed into a means for increasing the number of wage-labourers by enrolling, under the direct sway of capital, every member of the workman's family, without distinction of age or sex." (*Capital*, Vol. I, Chap. 15, p. 431.)

Capitalist production which disintegrates the worker's family, simultaneously lowers with it the value of labour-power. The value of the labour-power of the head of the family no longer includes the cost of maintenance of the whole family.

"The value of labour-power was determined, not only by the labour-time necessary to maintain the individual adult labourer, but also by that necessary to maintain his family. Machinery, by throwing every member of that family on to the labour market, spreads the value of the man's labour-power over his whole family. It thus depreciates his labour-power. To purchase the labour-power of a family of four workers, may, perhaps, cost more than it formerly did to purchase the labour-power of the head of the family, but, in return, four days' labour takes the place of one, and their price falls in proportion to the excess of the surplus-labour of four over the surplus-labour of one. In order that the family may live, four people must now, not only labour, but expend surplus-labour for the capitalist. Thus we see, that machinery, while augmenting the human material that forms the principal object of capital's exploiting power, at the same time raises the degree of exploitation." (*Capital*, Vol. I, Chap. 15, pp. 431-2.)

In the labour of women and children capital obtains human material, which is capable of greater exploitation and is simultaneously an instrument to depress male labour.

"By the excessive addition of women and children to the ranks of the workers, machinery at last breaks down the resistance which the male operatives in the manufacturing period continued to oppose to the despotism of capital." (*Capital*, Vol. I, Chap. 15, p. 440.)

The present rationalisation has considerably extended the *application of unskilled labour*. Women and children are drawn into production to a still greater extent, and they are more and more displacing male labour. Rationalisation is driving out from production at ever faster rates the former skilled workers, who are being replaced by unskilled and semi-skilled labourers. Thus, for instance, 43 per cent. of the workers in the Ford Works in U.S.A. require but one day's tuition, 36 per cent. from one to eight days, 6 per cent. one or two weeks, 14 per cent. from one month to a year and only 1 per cent. from one to six years.

The extraordinary simplification of the labour process as a result of mechanisation and the so-called rationalisation of the productive process, makes it possible to apply the work of cripples, mental defectives, feeble-minded idiots. There are special agencies in U.S.A. for the supply of such labour-power. So-called "scientific management" propagates widely the application of the labour of mentally undeveloped persons in industry. This class being satisfied with low wages and being unorganised are easily subjected to barbarous exploitation. The American bourgeois writer, Arthur Pound, describes (in his book, *The Iron Man in Industry* [1925]) the industry in Detroit and explains that "the most valuable man in the automatic machine workshop is the man without imagination and in general a man below average intelligence."

The extension of Ford methods to Europe, which Social-Democracy looks upon as a deliverance from the blind alley in which capitalism now finds itself, leads, of course, to the same consequences as in U.S.A., in the first place drawing into the productive process

labour-power which is recruited by the capitalists from among the most downtrodden and backward sections of the working class.

(b) *Lengthening of the Working Day.*

The second thing which characterises capitalist development of the productive forces is the *lengthening of the working day*.

" If machinery be the most powerful means for increasing the productiveness of labour, i.e. for shortening the working time required in the production of a commodity, it becomes in the hands of capital the most powerful means, in those industries first invaded by it, for lengthening the working day beyond all bounds set by human nature." (*Capital*, Vol. I, Chap. 15, p. 440.)

These endeavours are due to the fact that machinery depreciates not only during use but also during non-use (deterioration owing to natural forces, rust, etc.). For this reason every capitalist strives to reduce this kind of depreciation to a minimum. But of still greater importance is the so-called " psychological " depreciation or obsolescence of a machine, i.e. the danger of its losing value as a result of the invention of a better machine. This also forces the capitalist to reduce to a minimum the time of its inactivity. Machinery further replaces a part of the labour-power and decreases thereby the number of workers which a capital of a given magnitude employs.

" It is this contradiction, that in its turn, drives the capitalist, without his being conscious of the fact, to excessive lengthening of the working day, in order that he may compensate the decrease in the relative number of labourers exploited, by an increase not only of the relative, but of the absolute surplus-labour." (*Capital*, Vol. I, Chap. 15, p. 445.)

And this phenomenon we again find not only in the previous stage of development of capitalism but also in the present day, and this not only in the colonies,

but also in the so-called "progressive" capitalist countries, e.g. the "drive" to lengthen working hours in various industries, particularly mining and cotton; and an international competition to lengthen hours in the export trades in the struggle to capture the world market.

Various propagandists of the bourgeoisie define rationalisation exclusively as technical progress. In reality rationalisation includes *all* methods which lead to the augmentation of profits. If the lengthening of the working day raises profits, it is rational (by capitalist criteria) and becomes one of the forms of rationalisation. The colossal rôle which is played in Germany by the *lengthening of the working day in the period of rationalisation is notorious*. It is notorious also that in the name of rationalisation Social Democracy calls upon the working class to make sacrifices pretending that these will lead to a radical improvement in the conditions of the workers. We would recall the "famous" Mond-Turner Conferences and the approval of rationalisation by the trade union leaders. This approval, and the presentation of capitalist rationalisation as a process for raising the workers' standard of living, was clearly expressed in the Mond-T.U.C. interim report, July 4th, 1928 :

"The tendency towards a rational organisation of industry and trade . . . should be welcomed and encouraged in so far as it leads to improvements in the efficiency of industrial production, services and distribution, and to the raising of the standard of living of the people."

This completely treacherous approach to the question of capitalist rationalisation characterises the actual policy of the leaders of the Labour Party and I.L.P. (putting forward capitalist "reorganisation" as the way out of the crisis) and of the reformist Trade Unions (in the "more looms" issue in Lancashire, the "reorganisation" and quota policy for coal, "reorganisation" of the steel industry, etc.).

In this respect there is no substantial difference between early and present-day capitalism and what

Marx wrote then still holds good to-day, especially the following lines :

" The shortening of the working day is, therefore, by no means what is aimed at, in capitalist production, when labour is economised by increasing its productiveness. It is only the shortening of the labour-time, necessary for the production of a definite quantity of commodities, that is aimed at. The fact that the workman, when the productiveness of his labour has been increased, produces, say ten times as many commodities as before, and thus spends one-tenth as much labour-time on each, by no means prevents him from continuing to work twelve hours as before, nor from producing in those twelve hours, 1,200 articles instead of 120. Nay, more, his working day may be prolonged at the same time, so as to make him produce, say 1,400 articles in fourteen hours. In the treatises, therefore, of economists of the stamp of MacCulloch, Ure, Senior, and *tutti quanti*, we may read upon one page, that the labourer owes a debt of gratitude to capital for developing his productiveness, because the necessary labour-time is thereby shortened, and on the next page, that he must prove his gratitude by working in future for fifteen hours instead of ten. The object of all development of the productiveness of labour, within the limits of capitalist production, is to shorten that part of the working day, during which the workman must labour for his own benefit, and, by that very shortening, to lengthen the other part of the day, during which he is at liberty to work *gratis* for the capitalist." (*Capital*, Vol. I, Chap. 12, p. 352.)

It is social-fascism which " helped " the proletariat to express its gratitude to the capitalists for raising the productivity of labour by lengthening the working day, which is one of the most important elements in rationalisation.

In present-day " cultured," " democratic " capitalism we have not only the production of absolute surplus value as one of the concomitants of the production of relative surplus value, but we have also our modern MacCullochs, who with the same inclination, but more impudently and cynically, repeat the MacCullochs of the nineteenth century.

(c) *Intensity and Productivity of Labour.*

The analysis given by Marx of the influence of the growing productive power of social labour under capitalism on the condition of the workers receives still greater confirmation in the greater intensity of labour in the present rationalisation drive of capitalism.

Under the *intensity of labour* is to be understood the degree of its concentration or compression in a definite working time. The quantity of energy spent by the worker in an hour of more intensive labour is equal to so many hours of less intensive labour. Intensity of labour must be strictly distinguished from productivity of labour. This distinction is often not made in ordinary conversation. When the worker produces twenty pieces of a commodity instead of ten during an equal period of working time, this is usually denoted as a growth in the productivity of labour. But it is very important to determine whence the enhanced production has arisen : Is it due to the introduction of a new machine which makes it possible to produce double the quantity of products with the expenditure of the previous amount of energy, or is it the result of the introduction of a new wage scale or some other "speeding up" system which compels the worker to strain all his energy to render double the quantity of products even while technical working conditions remain otherwise the same ?

Marx strictly distinguishes the two conceptions—the intensity of labour and its productivity. Under the latter term he understands productivity which solely depends upon the state of technique. This distinction is of great importance from a class standpoint. If it is ignored one easily falls into the error of assuming that rationalisation is nothing but technical progress, that one must fight against certain consequences of rationalisation but not against capitalist rationalisation itself : a conclusion arrived at by all reformists.

When the intensity of labour is raised, the worker has to spend more energy ; and this is equivalent to

the lengthening of the working day with the maintenance of the previous intensity. In this sense, an increase in the intensity of labour is production of absolute surplus value. But, on the other hand, each level of productivity of social labour pre-supposes a definite standard intensity. There is no labour without a definite degree of intensity of this labour. When an increase of intensity has become general—when it covers a whole branch of production—then the new and higher level of labour intensity, and not the lower one, becomes characteristic and decisive for the productive force of social labour. And in this sense, the increase in the intensity of labour means the production of relative surplus value.

Substantially, the capitalists have *two methods of augmenting the intensity of labour*. The first is the method of wage-payment (the next booklet will deal with this aspect). But machinery is an even more important method.

"The shortening of the hours of labour creates, to begin with, the subjective conditions for the condensation of labour, by enabling the workman to exert more strength in a given time. So soon as that shortening becomes compulsory, machinery becomes in the hands of capital the objective means systematically employed for squeezing out more labour in a given time. This is effected in two ways: by increasing the speed of the machinery, and by giving the workman more machinery to tend. Improved construction of the machinery is necessary, partly because without it greater pressure cannot be put on the workman, and partly because the shortened hours of labour force the capitalist to exercise the strictest watch over the cost of production." (*Capital*, Vol. I, Chap. 15, p. 450.)

All technical improvements in the history of capitalism were accompanied by a growth in labour intensity. Such growth of intensity is specially strong in the present rationalisation, which, it is true, is also responsible for a number of technical achievements. But the main point lies in the intensification of labour. Every worker well knows the facts of the breakneck

rise in labour intensity which results from rationalisation. A systematic description of these facts would present a picture of the prison-like capitalist factory, more grim than that described by Marx in his time.

The following figures show the tremendous increase in productivity per worker in recent years, as a result of the intense rationalisation drive:

Extract from *The Social Aspects of Rationalisation* (p. 253), a report prepared by the International Labour Office:

"The following table shows the index numbers of the Federal Reserve Board for the quantity of manufactured products, the number of workers employed in manufacturing industries, the output per worker . . . in the United States :

Year	Manufactured Products	Workers Employed in Factories	Output per Worker
1919	100	100	100
1924	112	90	124
1929	142	94	151

In Britain, only partial figures are available showing the effects of rationalisation (see *Labour Research*, August, 1930). Increase in productivity per worker between 1924 and 1929 was:

Industry	% Increase
Mines and quarries	34·0
Iron and steel	45·4
Non-ferrous metals	22·0
Engineering and shipbuilding	23·7
Textiles	4·1
Chemicals	6·5
Leather and boots and shoes	19·0

The great increase in accidents,¹ the growth of nervous ailments, and what is of the utmost importance, the rapid wearing out of the physical organism, causing a worker, 40-45 years of age and frequently

¹ Official figures of accidents in industry in Britain show the following increase in the number of accidents (fatal and non-fatal) per 1,000 employed: Coal mines, 1919, 115; 1930, 205. Railways, 1919, 37; 1930, 40. Factories, 1919, 30; 1930, 37. (*Statistical Abstract of the U.K.*, 1931.) The increase in the mines, where the rationalisation drive has been most intense, is particularly marked.

still younger, to be thrown out of employment as too "old"—such is the glory of technical "progress" under capitalism in recent years.

But this is not enough for the bourgeoisie, it compels its agents within the working class to demand a still greater intensity of labour under cover of a struggle against unemployment :

" Only in combination with other measures which will increase the productivity of labour is the struggle against unemployment by the shortening of working hours possible."

(d) Rationalisation and the Subjection of the Workers.

We will not at the moment discuss that effect of growing productive forces under capitalism which finds its expression in the rise of unemployment (this will be dealt with in the next Lesson). What we are interested in at the moment is the condition of the workers in employment, the workers in industry. To what degree the conditions of the worker may be worsened, how *modern* "industrial democracy" looks, all this may be excellently characterised in the words of Marx, since the *mechanisation of the productive process* is at present incomparably greater than in the times of Marx, and all that Marx said then is of greater rather than less significance now :

" Capital further developed into a coercive relation, which compels the working class to do more work than the narrow round of its own life wants prescribes. As a producer of the activity of others, as a pumper-out of surplus-labour and exploiter of labour-power, it surpasses in energy, disregard of bounds, recklessness and efficiency, all earlier systems of production based on directly compulsory labour.

" If we consider the process of production from the point of view of the simple labour-process, the labourer stands in relation to the means of production, not in their quality as capital, but as the mere means and material of his own intelligent productive activity. In tanning, e.g. he deals with the skins as his simple object of labour. It is not the capitalist whose skin he tans. But it is different as soon as we deal with the process of production from the point of

view of the process of creation of surplus-value. The means of production are at once changed into means for the absorption of the labour of others. It is now no longer the labourer that employs the means of production, but the means of production that employ the labourer." (*Capital*, Vol. I, Chap. II, pp. 338-9.)

"At the same time that factory work exhausts the nervous system to the uttermost, it does away with the many-sided play of the muscles, and confiscates every atom of freedom, both in bodily and intellectual activity. The lightening of the labour, even, becomes a sort of torture, since the machine does not free the labourer from work, but deprives the work of all interest. Every kind of capitalist production, in so far as it is not only a labour-process, but also a process of creating surplus-value, has this in common, that it is not the workman that employs the instruments of labour, but the instruments of labour that employ the workman. But it is only in the factory system that this inversion for the first time acquires technical and palpable reality. By means of its conversion into an automaton, the instrument of labour confronts the labourer, during the labour-process, in the shape of capital, of dead labour, that dominates, and pumps dry, living labour-power.

"The technical subordination of the workman to the uniform motion of the instruments of labour, and the peculiar composition of the body of workpeople, consisting as it does of individuals of both sexes and of all ages, give rise to a barrack discipline, which is elaborated into a complete system in the factory, and which fully develops the before-mentioned labour of overlooking, thereby dividing the workpeople into operatives and overseers, into private soldiers and sergeants of an industrial army." (*Capital*, Vol. I, Chap. 15, p. 462.)

The quintessence of the capital relation consists just in this, that capital *confronts* the worker as a force which dominates and exploits him. This domination can only be abolished by the abolition of the capital relation itself, by the forcible revolutionary break-up of the holy rights of bourgeois private property. And the more the productive forces of social labour grow, the more unbearable becomes to the working class its

condition as the productive power of capital, the sharper becomes the conflict between the productive forces and the productive relations, and the more forcibly does the proletarian revolution knock at the door.

(e) *The Limits of Technical Progress under Capitalism.*

Capitalism, however, not only develops the productive forces, but also retards their development. Capitalism is not concerned with the amount of socially necessary labour which the machine saves, but the amount of paid labour-power, i.e., wages, that it saves. When wages stand at a low level it is more profitable to purchase cheap labour-power than a dear machine. It is only when wages rise that it pays to introduce the machine. This is why technical innovations can be introduced in a Socialist society which can only be applied in capitalism under special conditions, since the aim of production in a Socialist society is the satisfaction of social needs with simultaneous improvement of working conditions, while all that capitalist production aims at is profit. This is why (among other reasons, of course), rapid technical progress and increase of production is proceeding in the U.S.S.R., while production in capitalist countries grows chiefly through the intensification of labour, that is, as a result of the plunder of labour.

The more acute bourgeois thinkers see where the further development of technique may lead capitalism to : they *fear* this development and welcome stagnation. Thus, for instance, the *Deutsche Bergwerkszeitung*, No. 191, of August 16th, 1930, writes as follows :

" Already to-day we have power stations without staff which can be run from a distant centre, and boiler plants of the greatest dimensions which can be automatically supervised and regulated. This means much *more* than the elimination of manual labour ! Electrical apparatus, with a finer sense and more reliable than men, takes over the control and command of labour processes ! . . . Already

to-day, at the end of the first third of the century, there are generally, in principle, no longer any *technical* difficulties for the mastery of technique, it can already to-day take over all the manual and a portion of the mental labour if only the organisation of production be adapted to the new circumstances, if only we can everywhere create a sufficiently far-reaching uniformity of labour. An enormous revolution is here taking place, without our having till now clearly grasped its full importance. It would crush us like a destructive avalanche, if the economic hindrances, the unsuitable industrial forms, did not stand in its way. Every fundamentally new form of technique conditions also a new form of production. *But it is fortunate that we do not yet possess this form.*"

These "unsuitable industrial forms" which stand in the way, are the capitalist industrial forms or, more correctly, capitalism, the interests of which do not consist in the alleviation of human labour but the production of surplus value. It is only when the productive forces are freed from the capitalist productive relations, that they will receive a mighty impetus to their development. The working conditions will not dominate and employ the worker, but on the contrary, the proletariat will be master of its working conditions and will employ them to the creation of a society without classes, a society which will know no oppression or exploitation. The Soviet Union is proof of this: the Soviet Union which has already entered upon the period of socialism and is constructing the foundations of a Socialist Society.

QUESTIONS

1. Explain what is meant by "relative surplus value"?
2. Why does an increase in the productive force of labour lead to the production of surplus value?
3. Explain how additional surplus value arises from the difference between the individual and social value of a commodity?
4. Why does the productive force of social labour come forward in capitalism as the productive force of capital?
5. Explain the difference between intensity and productivity of labour? Illustrate your answer with examples.
6. Why is the slogan "Fight against the consequences of capitalist rationalisation," from the standpoint of the proletariat, politically opposed to its class interests?
7. Is "industrial democracy" possible under capitalism? Give reasons for your answer.

VIII. THE PRODUCTIVE RELATIONS IN THE SOVIET UNION

I. THE ESSENCE OF PRODUCTIVE RELATIONS IN THE STATE INDUSTRIES.

We have so far in the Soviet Union various economic forms, various types of productive relations. Side by side with the big Socialist industries which play a commanding part in the economics of the country as a whole, and are of decisive importance for the building up of a Socialist society, we still have in the Soviet Union remains of natural economy, much simple commodity production of small peasant farms, insignificant remnants of capitalism in the towns (mainly commercial), and capitalism on the land which is being, but has not yet been, liquidated. At the beginning of the New Economic Policy (N.E.P.), which was introduced at the end of the Civil War (1920-21), Socialist industry, though playing a leading, did not yet play a commanding, part in the total economics of the country. But now 99 per cent. of industrial production is socialised. At the beginning of N.E.P. only 2 per cent. of agriculture belonged to the Socialist sector. But now, on the basis of rapid industrialisation, we have an enormous growth of Socialist productive forms also in agriculture. In 1930 over a half of the marketed grain was provided by the State and collective farms. All this means that the Socialist forms of production do not merely play a leading and directing rôle, but that they already dominate the economics of the country. This fact means that despite the still existing residue of other non-Socialist productive forms, the Soviet Union has already entered into the period of Socialism, that it has already nearly completed the foundations of a Socialist society.

Let us examine the essence of the productive relations in the *State enterprises* of the Soviet Union. Lenin calls them enterprises "of a consistently Socialist type (in which the means of production, the ground on which the enterprise stands and the enterprise as a whole,

belongs to the State)." These consistently Socialist state enterprises must be distinguished from other Socialist enterprises—e.g. the collective farms in which only the land belongs to the State while the rest of the means of production are mainly the collective property of the members of the respective collective farms. They are the collective and not the private property of the members and are, therefore, collective farms and a form of Socialist enterprise. But they are not yet consistently Socialist enterprises in so far as the means of production are still the collective property of the respective collective farms. The State enterprise, on the contrary, is not the property of the workers of that particular enterprise : it is the property of the working class organised as a State. This represents a higher form of Socialism. The collective farms, which are formed of individual peasant farms, are developing in the direction of their transformation into consistently Socialist enterprises. But this process of development will be finished only after the foundations of the Socialist society have been laid, after agriculture has received a new technical basis, after the *kulaks* as a class have been liquidated. The driving force of this process of development is the growth of the consistently Socialist State enterprises.

To understand the essence of the productive relations in the Soviet Union, the reader must recall what we have said about the essence of capital as a productive relation. (See the last Lesson, Section 4, "Capital and Surplus Value as Historical Categories.") Capital is not a thing, not a means of production, but an historically definite productive relation, an exploitation-relation, which hides behind the material form. The capital relation pre-supposes the following conditions : (1) commodity production ; (2) the monopoly by the capitalists of the means of production, and (3) a class which owns no means of production and which sells its labour-power to the capitalists, the exploiting class.

Are these conditions to be found in State enterprises of the Soviet Union ?

Let us first of all take the second and third conditions. The State enterprises do not belong to capitalists but to the State of the Proletarian Dictatorship, i.e. to the proletariat organised as a State, to use an expression of Marx. They are the property of the working class. But thereby the character of the proletariat itself to some extent changes at the same time. In a capitalist society the proletariat is a class which possesses no means of production; but in the Soviet Union, the *proletariat is the collective owner of the most important means of production.* Consequently it is no longer a proletariat in the full sense of the word. The means of production do not any longer stand opposed to the working class. The former no longer dominate the latter. The means of production are, on the contrary, subjected to the working class and serve the object of constructing a Socialist society and satisfying the needs of the masses. We thus see that in State enterprises there are not *two classes* but one single class. The class of direct producers is here also the owner of the means of production. Let us recall what Marx says on the relation of the direct producer to the means of production as the groundwork of the whole social structure:

"It is always the direct relation of the owners of the conditions of production to the direct producers, which reveals the innermost secret, the hidden foundation of the entire social construction, and with it of the political form of the relations between sovereignty and dependence, in short, of the corresponding form of state." (*Capital*, Vol. III, Chap. 47, p. 919.)

The "innermost secret," the "hidden foundation" of the conditions of production in the Soviet Union consists just in this, that the class of direct producers are the owners of the means of production.

All that the working class produces belongs to itself. But this does not in any way mean that the whole product of Socialist industry is used directly for the reproduction of labour-power (i.e. paid as wages). Had this been the case, the development of production

and the construction of Socialism would have been impossible. Not only in the transition period but also under a fully developed Communist Society a part only of the product would be used for the satisfaction of the immediate personal needs of the masses. This, however, does not mean that the part of the product which is not used directly for personal consumption is surplus value. Surplus value and surplus labour are the expression of an exploitation relation. In Socialist economics the border line between necessary labour and surplus labour vanishes, since the totality of labour becomes necessary labour for the satisfaction of needs, of which what may be called current immediate (present) needs must be distinguished from the indirect (future) needs. In the transition period it is precisely the indirect future needs which are the primary interest of the proletariat in building the classless Communist Society.

"The minimum length of the working day is fixed by this necessary but contractile portion of it. If the whole working day were to shrink to the length of this portion, surplus-labour would vanish, a consummation utterly impossible under the régime of capital. Only by suppressing the capitalist form of production could the length of the working day be reduced to the necessary labour-time. But, even in that case, the latter would extend its limits. On the one hand, because the notion of 'means of subsistence' would considerably expand, and the labourer would lay claim to an altogether different standard of life. On the other hand, because a part of what is now surplus-labour would then count as necessary labour; I mean the labour of forming a fund for reserve and accumulation." (*Capital*, Vol. I, Chap. 17, pp. 580-1.)

When Social-Democracy calls upon the working classes to make sacrifices so as to increase capitalist accumulation on the ground that accumulation is also necessary in a Socialist Society, it is deliberately silent about the fact that the *working class in the Soviet Union accumulates for itself* and in this way directly receives the fruits of this accumulation (a rise

in the standard of life, rapid and complete abolition of unemployment, shortening of the working day, etc.), while under capitalism, accumulation of capital involves a worsening in their conditions and increased oppression by capital in general. The whole question is: Who is the owner of the means of production, and for whom and for what object production is carried on? (On this subject see also Lesson I of this Course, page 15.)

2. THE FORM OF THE PRODUCTIVE RELATIONS IN THE STATE INDUSTRIES OF THE SOVIET UNION.

Enemies of the Soviet Union declare that productive relations in the Soviet Union are in no way different from those in capitalist countries. The "proofs" of this are very simple. Commodities are produced in the Soviet Union just as they are in capitalist countries. The worker receives wages in Soviet State industries just as he does in capitalist industries. At the head of the capitalist enterprise is the capitalist or his representative, at the head of the Soviet enterprises is the "caste" of Red directors who exploit the working masses.

Let us test these "arguments."

I. *Commodities* are produced in the Soviet Union. But the *nature of this commodity production* is totally different. It is really a dying commodity production. When a State mine produces coal and "sells" it to another State enterprise, e.g. to a State metal works or railway, we have, superficially, to deal with a commodity, prices, etc. But in its essence the transaction is totally different from that in a capitalist society. Coal is produced according to a perfectly defined plan which is laid down by the State for the whole socialised economy. The division of the coal produced is similarly determined by the State in accordance with a previously prepared plan, and the prices are also fixed by the State. How can one talk here of commodity production? Fundamentally it does not really exist

any more. The *prices* are here but a special form and method of accountancy and planning. The prices are here, not the elementary regulator of production but simply means in the hands of a conscious economic subject—the Proletarian State—for the determination of the right proportions between the individual parts of the socialised economy.¹

In so far as there are still in the Soviet Union a large mass of small peasant farms still uncollectivised, *real remnants of commodity production* certainly exist. But even in this section of national economy we have a change in the character of the commodity, even if not to the same extent as in Socialist industry. The small peasant unsocialised farms are similarly influenced by the economic planning of the Proletarian State and are regulated by a system of credits, co-operatives, price policy, etc. Here also price is, to a considerable degree, no longer the elementary regulator of production.

2. We have just seen that the old form of "commodity" now contains something quite new. The same is the case with the "commodity" labour-power. Formally every worker sells his labour-power. But to whom? To his own class! While under capitalism not only every individual worker but the working class as a whole sells its labour-power to the capitalist class, the working class of the Soviet Union sells its labour-power to itself! In a case like this it is no longer a sale in the real sense of the word. *Wages in Socialist industry of the Soviet Union* are but a special form of relation between the working class in its totality and its individual members—a special method of deter-

¹ Compare the comments of Marx to the Gotha programme 1875 (See Marx-Engels' *Programmekritiken*, page 24): "Within the co-operative society based on the common property in the means of production, the producers do not exchange their products; just as little does the labour spent on the products appear here as the value of these products as one of the attributes possessed by them, since now, individual labour contrary to that obtaining in a capitalist society, is no longer indirectly but directly part and parcel of the totality of labour."

mining the part of the total Socialist product which is to be consumed by each individual worker.¹

In the transition period the existence of the old, but already dying, forms representing different social relations is inevitable. Only after the complete socialisation of the whole national economy, and the complete elimination of market relations, will it become possible to create new forms of accountancy and distribution.

3. We now come to the third argument, to the "new bourgeoisie" in the shape of the *Red directors*.

There is a "new bourgeoisie" in the Soviet Union, but it is composed of traders, small employers and the *kulaks*. In so far as one part of the product which is created by the proletariat fell, and to a certain extent still falls, into their hands, we have surplus value. But with an approach to complete socialisation of trade, this phenomenon will also disappear, and at a very rapid rate too. The same holds true of the liquidation of the *kulaks* as a class and the N.E.P. bourgeoisie in the towns.

Only avowed enemies of Socialism are interested in representing the Red directors as new capitalists. The Red director is a son of the working class, appointed by the working class itself to the difficult and responsible post of an organiser in Socialist economy.² The working-class State puts before him a definite task. He is therefore a *functionary or servant of the working class* and not the owner of the works. He simply

¹ We will deal with the forms and policy of wages in the Soviet Union in the next Lesson, which will deal with the theory of wages.

² The bourgeois journalist, Arthur Feiler, says in his book on Russia, *The Experiment of Bolshevism*, 1929, page 108, "I myself have met among the Red directors a number of men who give the impression of great ability. And experts of much greater experience, including non-party people, have explained to me that the experiment may, on the whole, be considered to be a success. A notable number of really splendid men have worked themselves up, men who have grown with the Party, men with a very fortunate mixture of the healthy unbureaucratic sense of those who have sprung from the people and the active force of simple workers combined with newly acquired knowledge and abilities, who carry out their duties earnestly and with self-sacrifice and with excellent results."

receives a salary which in many cases is lower than the wages of a highly skilled worker.

Every works belongs, as was said before, not to the workers employed in it but to the working-class State. If the contrary were the case, we should have, not Socialism, but Anarcho-Syndicalism : we should have a commodity system (exchange between individual enterprises). Economic planning would then be impossible and a return to capitalism inevitable. State economy in the Soviet Union is a unified economy directed according to a unified plan. The director of a works is accordingly not elected by its workers, but appointed by the State. But this does not mean that in his work he is independent of his employees. The director who does not understand how to march at the head of the workers of the enterprise, who does not understand how to lead the fight of the workers for Socialism, cannot be a Red director.

Further, the productive plan of the works is not simply determined from above by the economic planning organs. The masses of the workers themselves participate in the preparation of the plan and in its fulfilment after it has been confirmed by the higher State organs, who bring this plan into harmony with the plans of other works. Such real, and not seeming, democracy in the factory finds its expression in this, that the workers, through their mass organisations—the trade unions, the works councils, the conferences on production, the control commission and the general meetings—work out all questions concerning their factory, subject its existing defects to real proletarian criticism and fight under the leadership of the Party for their removal.

We have here not the rule of capital but the collective creative work of the masses, that creative work which has led to rates of development unprecedented in history.

" Being independent of each other, the labourers are isolated persons, who enter into relations with the capi-

talists, but not with one another." (*Capital*, Vol. I, Chap. 8, p. 365.)

This is why the productive power of labour appears under capitalism as the productive power of capital. This is exactly why any kind of "economic democracy" is impossible under capitalism. In Socialist industry, on the contrary, the workers enter into relations with one another, their productive power is the productive power of social labour. The worker is here not an appendage of the means of production, but is himself their master. He works for himself, for Socialism, and for this reason develops all his collective capacities, which are suppressed by the rule of capital. Here, *under circumstances of proletarian dictatorship, a true democracy is developing*,¹ which has already given the working class of the Soviet Union large advantages as against the proletariat of other countries, a continuous rise in the standard of life, the most perfect social legislation in the world, the transition to the seven-hour day (and after the completion of the Five-Year Plan a transition to the six-hour day), the complete liquidation of unemployment and a rapid rate of development towards Socialism.

QUESTIONS

1. Are State enterprises in the Soviet Union consistently Socialist enterprises? Explain the reasons for your answer.
2. It is sometimes said the labour which is spent in Socialist enterprises for the production of a social reserve and an accumulation fund, is "surplus labour." Discuss this statement.
3. How does the social content of wages in Socialist enterprises of U.S.S.R. differ from that in capitalist countries?
4. The argument is frequently met that Soviet industry does not substantially differ from the standpoint of its employees, from industry in capitalist countries. What would you say in answer to this contention?

(All quotations from "Capital" are from the Kerr edition.)

¹ Also the above-named bourgeois, Arthur Feiler, recognises without any reservations the thorough form of the "system of industrial democracy" in the U.S.S.R.

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